



_FACTS ABOUT CITY OF MEMPHIS EMPLOYEE MEDICAL INSURANCE COVERAGE

The City of Memphis is committed to ensuring that all employees and retirees get accurate information, as well as assistance enrolling in an affordable plan to meet their health care needs. Below are frequently asked questions about health insurance coverage and eligibility.

While Health, Wellness and Benefits has made every effort to ensure the accuracy of the information, should there be any doubt, the insurance plan or benefits policy is the final authority. For additional information review www.benefitsmemphis.com or contact the Health, Wellness and Benefits office of the City of Memphis, at 901-636-6800.

GENERAL

1. Are there any premium increases for 2016?

No premium increases have been proposed for 2016 in the city plans. The Federal government may publish increases in the Medicare coverage plans, and if we hear of any information we will be certain to inform you.

2. What is “Access Only” Coverage?

As of 1/1/2016, retirees will have “Access Only” coverage meaning that retirees will have full access to the city’s insurance at 100% of the cost unless they meet a “grandfathered” eligibility requirement. The City will no longer subsidize 70% of retiree medical insurance premiums as it has in the past.

3. Why is the City no longer providing the premium subsidy to retirees?

The City’s \$551 million pension fund deficit and \$700 million Other Post-Employment Benefits (OPEB) debt were the main reasons behind the significant changes contained in the budget. The FY 2016 Budget represents the balancing of the need to secure the long-term financial stability of the City, to begin working toward fully funding the employee pension fund, maintain the current level of public services, and invest in economic growth opportunities without raising taxes.

4. What does “Spousal Carve-Out” mean?

Effective 1/1/2016, spouses will no longer be allowed to have coverage covered by the City of Memphis insurance if they have access to their employer’s sponsored plan.

5. What if my spouse works but his/her employer does not offer medical insurance or he/she is not eligible to enroll in the offered plans?

ANSWER: In this scenario, you will be allowed to cover your spouse on the City’s plan as long as you and your spouse complete and sign the Spousal Affidavit. It is important to keep the City

informed of any changes in your spouse's coverage options as all affidavits are subject to random audits.

6. I am an active City employee and so is my spouse. Does the spousal carve-out apply to us?

No, you may both choose individual or family coverage on City plans.

If I am currently paying a Spousal Surcharge, will it continue?

The spousal surcharge will continue until the 1/1/2016 Spousal Carve-out is implemented.

7. I am a retiree but not eligible for Medicare or I was told previously that enrollment in Medicare Part B is not required. What happens to my City sponsored medical plan?

The City is 'grandfathering' retirees that were hired prior to the City paying into Social Security, and will continue subsidizing your city-sponsored medical plan premium. Further, retirees who retired prior to 1/1/2012 who have either Medicare A only or Medicare B only will also continue to receive the City's subsidy due to the imposed Medicare penalties after your initial eligibility.

8. I am a widow or dependent child receiving a Line of Duty (LOD) disability pension benefit. Is the City eliminating the subsidy paid toward my medical plan premium?

No. For the plan year 2016, all widows/widowers/dependents of employees that died in the line of duty will continue to receive the City's 70% subsidy as long as they remain eligible for the Line of Duty pension benefit.

9. What if I have Medicare A&B but my spouse does not? What are my options?

If you are a retiree enrolled in Medicare A&B you can enroll in one of the 25% subsidized city-sponsored Retiree options. Or you may find plan options that better meet your needs through another source. If you choose the City's Supplemental Plan 25% subsidy option for yourself, your spouse can enroll in one of the City's plans and receive the 70% subsidy for the 2016 plan year, (if they do not have access to health insurance coverage through their employer). To research alternative options to the city's plans please see the resources listed below:

- Jacob Flowers, State Director TN, Enroll America JFlowers@enrollamerica.org 901-517-8689
- NNAVA Seedco Mid-South Office; Federal program providing assistance in enrolling in Health Care.gov Information and assistance line: 901-405-7895.
- Health Care.gov; Official website is; www.healthcare.gov/
- Vickie Thompson, AAAD, Aging Commission of the Mid-South; vtompson@agingcommission.org 901-222-4107

10. I keep hearing I can purchase coverage on the Healthcare Market Exchange. Is this the same as Obama Care and Affordable Care?

Yes, these are the same and the website is www.healthcare.gov. Feel free to contact the TNNAVA Seedco Mid-South Office, the Federal program for enrollment assistance on the

Federal Healthcare Exchanges, for assistance in enrolling. Seedco has expert “Navigators” that are ready and able to assist you. Please see:

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11. Is it true that a person's income can be too high to purchase coverage on the Market Exchange?

No. Everyone is eligible to choose a plan on the exchange. Some people may have lower premiums for the same plan design if their income falls below a specified threshold.

12. I am a pre-65 retiree and cannot afford the ‘access only’ premiums, what are my options?

If you do not have coverage options through an employer or your spouse's employer, you may want to visit the market exchange website at www.healthcare.gov to compare plans and cost. For assistance please see:

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13. Why did the nicotine surcharge increase by \$70?

The City increased the nicotine surcharge 1/1/2015 in an effort to offset the expenses related to tobacco and nicotine related illnesses. Studies show that individual nicotine users each add, on average, an additional \$3,400 to the claims cost annually.

14. Will the tobacco/nicotine surcharge apply to each person in my family who smokes?

No, there is only one surcharge per family.

15. Is there help for individuals who would like to stop using nicotine?

Yes, the City offers a Cigna smoking cessation program. There is no additional charge to the plan member. You can enroll anytime by calling the customer service number on the back of your Cigna membership card (1-800-244-6224) or by going online at www.mycigna.com.

16. Is the Smoking Cessation program available to my family members?

Yes, the program is available to all family members covered by the City's medical plan.

17. I am a retiree who uses nicotine. If I enroll in the City's 'access only' plan, does the tobacco surcharge apply to me?

Yes, if you are a nicotine user and you enroll in the 'access only' plan, you will pay the surcharge in addition to your medical premium.

18. How can I have the tobacco surcharge waived?

You may have your surcharge waived by enrolling in Cigna's Smoking Cessation program or by choosing to work with your personal physician. Look for details during the regular open enrollment period (October 2015).

19. Am I required to complete the Nicotine Affidavit and am I subject to an audit?

Yes, you are required to complete the affidavit if you wish to avoid the Nicotine Surcharge and the random audits will continue.

20. When is the regular Open Enrollment period for 2016?

October 12, 2015 through October 23, 2015

21. What changes can I make during the regular open enrollment period?

October 2015 is when you can view or make changes to all the City benefits in which you are eligible to enroll, such as medical, dental, vision, etc. You will be able to add or delete dependents at this time.

22. If a retiree opts out of the City's medical plan, will the right to re-enroll be lost forever?

All retirees currently enrolled in the City's medical plan will have the option to select a City plan or an outside plan during the regular Open Enrollment period in October 2015 without waiving the right to return to the City's coverage. **Retirees, who opted out of the City's plan during previous years, may not be allowed to re-enroll in the future

23. As a retiree, am I required to enroll in Medicare when I become eligible?

You will have to decide if you want to enroll in full Medicare. However, if you are eligible and choose not to enroll and you are covered by the City's 'Access Only' plan, your claims will be treated as if you were enrolled in Medicare parts A and B.

ELIGIBILITY

23. My income is low. Am I eligible for the health insurance under the Affordable Care Act?

Yes, the ACA provides everyone access to coverage on the healthcare market exchange, regardless of age or income. Your income is considered when determining if

you qualify for a federal subsidy. We recommend you work with a trained Healthcare Exchange “Navigator” to explore your options. For assistance, please see below:

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24. If I am over 65, and not eligible for Medicare, will I have to pay 100% for the City’s coverage?

No, if you are older than age 65 and not eligible for Medicare or are not currently enrolled in Medicare Part A and B, for plan year 2016 the City will continue to provide a 70% premium subsidy for your medical insurance coverage.

25. If I’m retired, under age 65, and not eligible for Medicare, will I have coverage options?

The ACA provides access to coverage on the healthcare market exchange to everyone, regardless of age or income. Your income is considered when determining if you qualify for a federal subsidy. We recommend you work with a trained Healthcare Exchange “Navigator” to explore your options. For assistance, please see:

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26. If I’m under 65, and retired from the city, will I have to pay 100% for the City’s coverage?

If you are younger than age 65 and have retired from the City of Memphis, you may remain on the City’s base medical plans for the plan year 2016 by paying 100% of the premium costs. This is referred to as “Access Only” coverage.

AFFORDABILITY

27. Without the City’s 70% subsidy, will health insurance coverage be too expensive or me? Will it be impossible for me to get a Medicare Supplement plan without Medical underwriting?

No, for those that are over the age of 65 and not disabled, the City is offering group Medigap/Part D and Medicare Advantage plans that are 'guaranteed issue,' therefore, the pricing is not based on your individual medical status and you cannot be denied coverage.

28. I am under 65, retired and I can't afford to pay 100% of the City's plan premium. What options do I have for health insurance?

In addition to the many options available through the healthcare market exchange, individuals may also purchase coverage directly through insurance companies. Some retirees that are younger than age 65, will be able to join the plans offered by their current employer or through their spouse's employer. For veterans of the U.S. Armed Forces, they also may be eligible for benefits offered through the Department of Veterans Affairs.

29. What if most of my pension benefits will have to go to pay for my medical coverage, will the cost of my healthcare coverage create a hardship?

If the City's plan is no longer affordable to you, there are other options. If you are a Retiree who is older than age 65 with Medicare, you will want to look at the 25% City subsidized Medigap/Part D and Medicare Advantage plans. In addition, you may find these plans at more favorable pricing by purchasing directly from one of the many insurance companies advertising in this market.

For retirees, younger than age 65, who are not eligible for coverage through an existing employer or spouse's employer, the healthcare market exchange could very well meet your needs. Depending on your household income, you could also qualify for a federal subsidy.

30. Once I pay my insurance premiums, will I still be able to afford out-of-pocket costs such as co-pays for office visits and the cost of prescriptions?

While the cost of healthcare is rising, the City of Memphis offers minor medical services free of charge to employees, retirees and eligible dependents at its Employee Wellness Clinic.

The facility is staffed and operated by Methodist Healthcare as an added benefit to our employees and retirees. There is no co-payment to employees/retirees and their families. Also, in many instances, medications are prescribed at the clinic and filled free of charge.

The hours of operation are currently 8 a.m. to 4 p.m. Monday and Friday, and 11 a.m. to 7 p.m. Tuesday, Wednesday and Thursday. No appointment is necessary, but it is advisable that an appointment be scheduled to avoid wait time. The contact information for the clinic is:

COM/ Methodist Employee/Retiree Wellness Clinic
1803 Union Avenue (Behind Methodist Minor Med)
Memphis, TN 38104-3942
901.722.3177.

AVAILABILITY

31. What if my spouse died in the line of duty, will I still have healthcare?

Yes, for the plan year 2016, all widows/widowers/dependents of employees that died in the line of duty will continue to receive the 70% premium subsidy as long as they remain eligible for the Line of Duty pension benefit.

32. What if the Healthcare Exchange is complicated to figure out, do I risk making a bad choice because I don't understand how the exchange works and how to shop for affordable coverage that fits my needs?

We recommend you become familiar with the Federal Healthcare Marketplace, available at www.HealthCare.gov. The website has been improved since last year and exploring the information there is much easier. In addition, there are resources available to assist you with exploring the marketplace through a Federal Grant program. This program, Seedco, has experts also known as "Navigators" who will assist you during Open Enrollment.

They will show you the various plan types, benefits offered, premiums charged, out-of-pocket expenses, and give you information to let you know if you qualify for a federal subsidy that would reduce your premium costs.

Resources for Exploring and Enrolling in Healthcare Options:

- Jacob Flowers, State Director TN, Enroll America JFlowers@enrollamerica.org 901-517-8689
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33. I did not find my answer in this Q&A, who can I contact for additional information?

If you have further questions, you may reach the City's Health, Wellness and Benefits office by email; benefitsquestions@memphistn.gov or to speak to a representative call 901-636-6800.

*Revised, August 21, 2015,nkc